



UNDER SECRETARY OF DEFENSE
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COMPTROLLER

OCT 7 2016

MEMORANDUM FOR ASSISTANT SECRETARIES OF THE MILITARY DEPARTMENTS
(FINANCIAL MANAGEMENT AND COMPTROLLER)
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES
COMPTROLLER OF THE JOINT STAFF
COMPTROLLERS OF THE COMBATANT COMMANDS

SUBJECT: Preventing Travel Pay Improper Payments and Enforcing Recovery

The Department of Defense (DoD) maintains an improper payment prevention program that is fundamentally sound, reporting fractional percentages of improper payments for the majority of programs. However, prevention of travel pay improper payments is the exception. As reflected in the increase of the travel pay error rate to 8 percent, we have exceeded our target rate of 3 percent for three consecutive years. By law, the travel pay area makes our overall program non-compliant. Moreover, previous efforts to reduce travel pay improper payments have been ineffective and resulted in non-compliance which requires congressional notification. This is unacceptable. We need greater emphasis immediately to strengthen front-end controls (i.e., prepayment safeguards and training) and improve traveler and approving official (AO) attention to detail. This memorandum outlines specific actions needed to reverse the poor performance.

As defined in the Improper Payment Elimination and Recovery Act of 2010, an improper payment is any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. Payments made for incorrect amounts are overpayments or underpayments that are made to eligible recipients. An improper payment also includes any payment made to an ineligible recipient or for an ineligible good or service, and payments for goods or services not received. In addition, when an agency's payment records lack sufficient documentation to establish whether a payment was proper, the payment is considered an improper payment despite the U.S. Government owing a traveler reimbursement.

In general, there are two primary causes for the Department's non-compliance. Each highlights the need for increased discipline, attention to detail, and a more regular and effective training regimen.

- Travelers are not submitting required documentation with vouchers, and Departmental Accountable Officials (DAOs)/Certifying Officers (COs) are approving unsupported travel vouchers.
- Travelers are claiming amounts that do not match submitted receipts, and DAOs/COs are approving unsupported travel vouchers.



To reduce travel improper payments, I direct the following immediate actions:

- Each addressee of this memo must designate a Senior Executive Service member, general officer, or flag officer as his/her component's Senior Accountable Official (SAO) for reducing improper payments. SAO responsibilities are outlined in the attached requirements for DoD's travel remediation plan. I designate Mr. Mark E. Easton, DoD Deputy Chief Financial Officer, as the overall DoD SAO for improper payments. He is also designated as the overall Fourth Estate SAO for improper payments. Mr. Easton will work with individual component SAOs to achieve travel pay improper payment reduction goals.
- Components must implement and travelers and DAOs/COs must comply with internal controls that are sufficient to ensure all required receipts and other substantiating documents for commercial travel are provided and uploaded into travel systems, including documentation for all hotel expenses (regardless of amount), and reimbursable travel expenses of \$75.00 or more. In addition, travelers and DAOs/COs must ensure claimed amounts match documents and receipts. Accomplished diligently and consistently, these actions will prevent most travel pay improper payments. The traveler and DAO/CO bear responsibility for ensuring travel vouchers comply with documentation requirements. However, the DAO/CO may be held pecuniary liable for erroneous payments that result from approving improper payments.
- To the maximum extent possible, Components must implement effective front-end internal controls to minimize the potential for travel pay improper payments and take prudent actions to detect and correct improper payments or recover them if they occur. Debt management monitors play a key role in recovering travel pay overpayments. They must utilize the debt collection policies outlined in the DoD Financial Management Regulation, Volume 16, Chapters 1 – 4; Volume 9, Chapter 8; Volume 7A, Chapter 40; and Volume 7B. If applicable, leverage the Defense Travel System (DTS) debt management functionality outlined in the Defense Travel Management Office (DTMO) "Guide for Managing Travel-incurred Debt."
- DTMO maintains a continuous monitoring compliance tool that provides travelers and COs feedback on common errors. DTMO has agreed to email the traveler and AO when an overpayment improper payment occurs, typically involving missing supporting documentation. The traveler has 15 calendar days to complete corrective actions such as providing missing receipts. If unresolved by day 16, the AO will establish the debt in DTS. No additional action is required from the traveler. To maintain separation of duties and further enhance internal controls, a non-DTS entry agent must adjust and sign the voucher and the CO must certify the voucher to establish the debt, at which point DTS will provide the traveler a debt notification by email. Each agency will summarize all debts and provide to the agency SAO for review, along with monthly debt recovery status reports. For underpayment improper

payments, the traveler should submit a clarifying amended travel voucher, with documentation.

- Starting in fiscal year 2017, the Defense Finance and Accounting Service (DFAS), in coordination with DTMO, will provide travel pay improper payment reports to my staff and to SAOs on a quarterly basis to identify the total number and dollar amount of travel pay improper payments. The initial report will be used as the baseline for measuring progress. The Under Secretary of Defense (Personnel and Readiness), the Deputy Chief Management Officer, and I will also receive quarterly metrics. The goal of this reporting is to recognize efficiencies and identify best practices to share DoD-wide.

These actions serve to reinforce internal controls and accountability. Moreover, DTMO is partnering with DFAS to upgrade its compliance tool so that it integrates post payment reviews. However, this system change will not guarantee the adequacy of uploaded documents. Travelers and DAOs/COs must ensure that submitted travel documents are appropriate and sufficient.

I am committed to reversing our current negative trend, identifying an appropriate annual goal, and meeting that goal. Travelers and DAOs/COs with questions or concerns regarding their roles, responsibilities, or liabilities should contact their components' travel administrators for clarification. My staff contact for this subject is Mr. Brian Banal (703-571-1652 or brian.j.banal.civ@mail.mil). The DFAS contact is Mr. Jerry W. Christensen (317-212-3218 or jerry.w.christensen.civ@mail.mil). The DTMO contact is Mr. Joel T. Ridenour (571-372-1323 or joel.t.ridenour.civ@mail.mil).



Michael McCord

Attachment:
As stated

cc:
Under Secretaries of Defense
Assistant Secretaries of Defense
Assistant Deputy Chief Management Officer
Director, Defense Human Resources Activity
Director, Defense Travel Management Office
Deputy Inspector General for Auditing, Department of Defense

DOD TRAVEL PAY IMPROPER PAYMENTS
REMEDATION PLAN REQUIREMENTS
October 1, 2016

Background

The Department of Defense (DoD) administers an Improper Payment Program to enforce compliance with the Improper Payment Elimination and Recovery Improvement Act of 2012, Public Law 112-248 (31 U.S.C. 3321 note). The DoD's Improper Payment Program consists of six individual programs: military health benefits, military pay, civilian pay, commercial pay, military retiree and annuitant benefit payments, and travel pay. Except in the travel pay program, the program for each segment is fundamentally sound, reporting extremely low rates (less than one percent) of improper payments.

For successive years, the DoD Office of Inspector General determined DoD was non-compliant with the Improper Payments Elimination and Recovery Act of 2010 Public Law 111-204 (31 U.S.C. 3301 note) (Ref: Department of Defense Office of Inspector General Report DODIG-2016-060, "DoD Actions Were Not Adequate to Reduce Improper Travel Payments"). These determinations were made because the Department failed to meet its travel pay error rate reduction target. Most recently, the Fiscal Year 2015, 8 percent rate exceeded the target of 3.25 percent.

Plan Requirements

The Deputy Chief Financial Officer (DCFO) within the Office of the Under Secretary of Defense (Comptroller) is the overall DoD Senior Accountable Official (SAO) for the DoD Improper Payment Program to include the Fourth Estate. The DoD SAO will administer Department's remediation plans necessary for any segment of improper payments, which are a compilation of each Principle Staff Assistant's, Military Department's, defense agency's, defense field activity's, and combatant command's individual plan. Each plan must be tailored to meet the needs of the organization and address, at a minimum, the following key elements:

1. Each Principle Staff Assistant, Military Department, and Fourth Estate Component must designate in writing a SAO at the Senior Executive Service, general officer, or flag officer level.
2. Component SAOs will issue guidance to ensure front end internal controls are in place to prevent travel pay improper payments. No later than November 1, 2016, send a copy to the OUSD(C) improper payments point of contact (POC), identified at the end of this plan.
3. Each SAO must review current training plans and provide an assessment as to their effectiveness by November 1, 2016, to the OUSD(C) POC. These reviews will address the scope of current mandatory and refresher training requirements; the types, cost and delivery methods of training; and the effectiveness of training in addressing root causes of current improper payments.

4. In coordination with the Defense Travel Management Office (DTMO) and Defense Finance and Accounting Service (DFAS), SAOs will review quarterly feedback DTMO/DFAS-generated reports to determine the effectiveness of these reports in terms of providing actionable information, identifying accountability, and identifying opportunities to enhance existing processes, systems, and reviews (e.g., integrating DFAS Post Pay Review into the DTMO Compliance Tool to optimize both manual and automated logic).
5. SAOs will, upon review of these reports, require their organizations to identify root causes for currently identified improper payments, recommend corrective actions, and provide estimated completion dates to the OUSD(C) improper payments POC identified at the end of this plan by the 15th calendar day prior to the end of each fiscal quarter.
6. Each SAO will issue guidance by November 1, 2016, on holding Departmental Accountable Officials (DAOs)/Certifying Officers (COs) pecuniary liable for improper travel payments.
7. OUSD/DCFO will chair quarterly meetings to address Military Departments and Fourth Estate entities' top three most frequent errors to assess traveler accountability and approving official compliance.
8. No later than November 1, 2016, all components must provide and document either initial training or refresher training for all travelers and DAOs/COs travel voucher approving/certifying officials. Training must minimally include a review of the:
 - a. Definition of improper payments and examples;
 - b. Required documentation attached to travel vouchers;
 - c. Definitions of and differences between a rental car and receiving mileage for privately owned vehicle or other vehicle use;
 - d. Government credit card use requirements;
 - e. Traveler financial liability for overpayments;
 - f. Requirements for state tax inclusion or exclusion; and
 - g. Process for collection of overpayments, if they occur, as outlined in the DTMO's January 2016 Guide for Managing Travel Incurred Debt.

9. DoD will re-establish Travel Pay improper payment metrics, effective Quarter 1, Fiscal Year 2017, under the DCFO's Financial Operations metrics program. Quarterly error rates reported by Components will be reviewed. Specific corrective actions will be implemented to address root causes identified within the quarterly review discussed above. This review may result in changes to the error rate out-year reduction targets as appropriate. This type of review should be conducted by all components in preparation for the DoD quarterly review.

The OUSD(C) POC for improper payments is Mr. Brian Banal (703-571-1652 or brian.j.banal.civ@mail.mil). The DFAS contact is Mr. Jerry W. Christensen (317-212-3218 or jerry.w.christensen.civ@mail.mil). The DTMO contact is Mr. Joel T. Ridenour (571-372-1323 or joel.t.ridenour.civ@mail.mil).